Trade, Aid and Security: an agenda for peace and development

By **Oli Brown**, International Institute for Sustainable Development

Most conflicts nowadays are within states – poor states – and most victims are civilians, not soldiers. Rather than focusing solely on reactive responses to conflict, we need to consider how current policies can have a negative effect – in fact, how they can systematically undermine peace and development. Trade and aid policies are two of the areas that require our attention most. Powerful conduits for money, technology, ideas and influence, they both reflect and reinforce global power disparities and, if poorly designed and managed, can undermine economic and political stability.

In the three and a half decades since the Declaration of Commonwealth Principles was issued in Singapore in 1971, the landscape of international security has changed dramatically. Traditionally, security was associated exclusively with the use or threat of violence and could only be achieved through military ('hard') power. This may have once made sense when conflicts took place between nation states, when territorial control was a key objective, and when uniformed soldiers were the combatants. But times have changed.

The end of the Cold War led many to herald the dawn of a 'new world order'. This, it was believed, would be one that respected human rights and the rule of law, and one in which the United Nations would finally begin to function as originally intended by its founders. But any optimism was soon dashed by images of bloody conflict across the world, from Rwanda and Somalia to the former Yugoslavia. The inability of the international community to reach consensus on the best (or indeed any) course of action undermined confidence in the international community's supposedly new and assertive multilateralism and cooperative spirit.

Human security in the 21st century

The events of the last 15 years or so have demonstrated that the main threats to our security no longer come from the massed armies of our hostile neighbours – but from terrorism, epidemic disease, organised crime, conflict over natural resources, climate change and environmental degradation. The 'object' of security is now not just the nation state, but also the individual. And the idea of security has taken on new social, economic and environmental dimensions.

The end of the Cold War led many to herald the dawn of a 'new world order' that respected human rights and the rule of law.

The term 'human security' encompasses these concepts and was first spelled out in detail in the 'Human Development Report' of the United Nations Development Programme. Speaking at the launch of the 1997 Human Development Report, Dr Mahbub ul Haq succinctly expressed this new vision. He argued that "security is increasingly interpreted as security of people, not just territory; security of individuals, not just of nations; security through development, not through arms; security of all people everywhere – in their homes, in their jobs, in their streets, in their communities, and in the environment."

> "We believe that international co-operation is essential to remove the causes of war, promote tolerance, combat injustice, and secure development among the peoples of the world. We are convinced that the Commonwealth is one of the most fruitful associations for these purposes."
>
> The Declaration of Commonwealth Principles
> Issued at the Heads of Government Meeting in Singapore on 22 January 1971

Conflict in the 21st century

Since 1990, more than three million people have died in armed conflict, and many millions more have died as a result of the disease and famine associated with war. Compared with the Cold War the nature of war has changed fundamentally: conflict is now much more strongly associated with poverty. From 1946 to 1989, low-income countries accounted for just over one-third of all conflicts, but during the period between 1990 and 2003 low-income developing countries constituted more than half of all the countries and territories experiencing violent conflict. Nearly 40 percent of the world's recent conflicts, including several of the bloodiest and longest, have been in Africa, including the Commonwealth countries of Sierra Leone and Uganda.

Despite this changing pattern of security and conflict, the international institutions established after World War II, in response to the threats posed by conflicts between states, have remained largely unchanged in their architecture and outlook. Yet nowadays most conflicts are not between but within states – poor states – and most victims are not soldiers, but civilians.

Refugee transit centre, eastern DRC.

Photo credit: Amelia Bookstein

Nevertheless, the international mechanisms that do exist to respond to crises are overwhelming reactive – constantly trying to 'put out the fires' rather than working systematically towards better fire prevention.

Security is a precondition for development

It is clear that security is an essential precondition for development. Sustainable development is impossible in the middle of conflict and insecurity. As we see in present-day Iraq, conflict means that institutions cannot function, people and governments cannot plan for the future, and education and sanitation take a back seat to daily survival. Most obviously, conflict itself leads to loss of life, consumes wealth and resources and causes environmental damage. As the World Bank described it, it is 'development in reverse'. It is no coincidence that those countries that are furthest away from the Millennium Development Goals and lowest on the UN's Human Development Index are those that continue to suffer political and economic instability.

> If trade and aid policies are carefully designed and responsibly implemented, they should encourage peace and security between and within countries.

This should be a real concern to the family of Commonwealth nations. Thirteen of the 53 Commonwealth countries are categorised as Least Developed Countries by the United Nations. According to the 2006 Failed States Index produced annually by the journal 'Foreign Policy', six Commonwealth countries are listed as 'critical' and a further 11 are listed as 'in danger' of internal conflict and societal dysfunction. Indeed both Fiji and Zimbabwe were suspended from the Councils of the Commonwealth for precisely those reasons.

The root causes of instability

As mentioned above, trade and aid policies are two of the areas that require urgent attention. They are powerful conduits for money, technology, ideas and influence. They both reflect and reinforce global power disparities. The direction and priorities of trade and aid policies, largely decided in the developed, rich world, can have profound impacts on the economies and stability of the developing world – in both positive and negative ways.

In theory...

In theory, if trade and aid policies are carefully designed and responsibly implemented, they should encourage peace and security between and within countries. The links between trade and security have been recognised for centuries; as French philosopher Montesquieu put it in 1749, 'wherever there is commerce, manners are gentle'. Trade can establish incentives for peace by building a sense of interdependence and community. Trade can also be a powerful driver of economic growth and prosperity, providing non-military avenues to resolve disputes and creating strong economic incentives for peace. There is certainly some truth in the old saying that countries (and regions) that trade tend not to fight.

Likewise, development assistance can help remove the underlying causes of conflict by reducing inequalities: tackling poverty, providing basic services and promoting sustainable livelihoods. Many poor countries lack the capacity to fully benefit from trade liberalisation – and this is where aid may help. Aid can assist a country in preparing for the opening of its markets, in diversifying its economy, and in improving its infrastructure.

Photo credit: Amelia Bookstein

Food ration, Liberia.

Crucially, aid can also help spread good governance, by promoting efficient and incorrupt bureaucracies and supporting the democratic process.

...but in practice

However, it is increasingly clear that international trade does not automatically reinforce stability or security. Nor is aid – as it is currently constructed – successfully achieving its aim of poverty eradication. The reality is that badly designed trade and aid policies are too often increasing the likelihood and longevity of violent conflict.

In practice, the rules that govern international trade are fundamentally unfair, biased towards rich countries and their corporations. The process of trade liberalisation has been deeply uneven, benefiting rich economies more than the poorest, and the gains from international trade have not been distributed equitably throughout the world.

Trade can undermine stability

Current trade policy limits market access for the developing world's products, particularly their agricultural exports. Escalating tariffs, complex regulations and perverse domestic subsidies in the developed world continue to inhibit the efforts of developing countries to diversify their economies.

At the same time, developing countries are being pushed to adopt uncompromising market liberalisation, which can reduce government revenues and undermine employment, increasing the prospects for political instability and competition over scarce resources.

> In practice, the rules that govern international trade are fundamentally unfair, biased towards rich countries and their corporations.

In essence, the poorly designed and unfair trade policies of the developed world are stunting economic growth in the developing world and leaving many countries locked into notoriously volatile commodity markets. A reliance on the export of minimally processed natural resources tends to lead to weaker institutions, economic dependence and political instability. Coupled with poorly governed international markets for natural resources, this has proved destabilising time and again around the world – from Bolivia to DR Congo, from Liberia to Papua New Guinea.

Aid doesn't always help

Similarly, foreign aid has not always been an entirely positive force. Critics of development assistance have long argued that aid can make things worse; that it can ignore signs of trouble, and that in supporting bad governments, it can help set the stage for conflict. Aid has been accused of contributing to the conflict

dynamic in Sudan, of propping up the Mobutu regime in Zaire and the Marcos regime in the Philippines, and of financing social divisive resettlement and transmigration schemes throughout Asia and Latin America.

That is not to say that 'aid does not work'. Revolutionary achievements in education, health and agriculture – patchy and isolated as some have been – demonstrate that aid can be hugely effective. The problem is that aid has been used by donors and recipients for purposes that were either not intended, or were not explained to their citizens.

Aid has been misused by donors more interested in pursuing their own geo-strategic goals than poverty reduction. It has also been misused by recipients – diverted in corruption, appropriated by armed groups or used to perpetuate repressive regimes. In Sudan, for example, rebel movements have looted and taxed aid deliveries, and established 'humanitarian' front organisations to interface directly with the aid community.

Of course there is no suggestion here that trade and aid policies are the sole sources of violent conflict. Ethnicity, ideology, identity and historical grievances are all very important factors. The point is simply that keeping the peace should not be limited to reactively dispatching battalions of peacekeeping troops in blue helmets to 'fight the fires'.

Lasting international security will come from tackling the underlying causes of conflict. In fact, the extent to which the international community is helping to promote stability and avoid armed conflict is crucially dependent on the structural conditions established by its trade and aid policies. So, if we are serious about reducing armed conflict around the world, we must first – and at the very least – ensure that our trade and aid policies 'do no harm'.

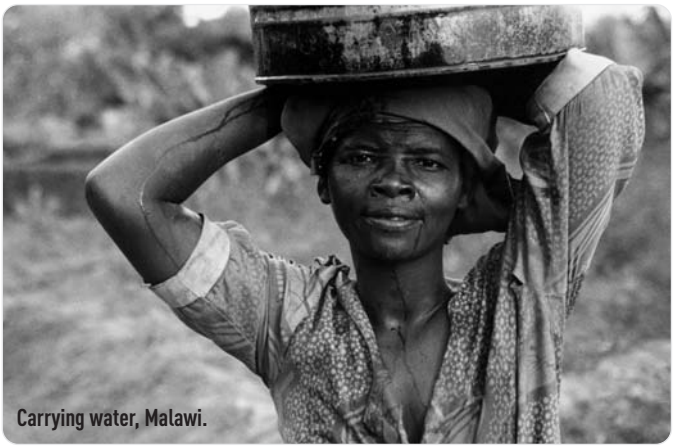
Trade, aid and security are interdependent

In essence trade, aid and security are all mutually reliant. If aid is going to be effective at lifting people out of poverty it must create – and be conducted in – a secure environment free from the threat or existence of violent conflict. Aid should also help countries access the very real, but often elusive, benefits of international trade. Meanwhile, countries will only be able to benefit from international trade if they have the capacity to negotiate even-handed trade agreements, if they can stem the trade in conflict resources and if they can engage in trade in a secure environment.

Six objectives

If we are to make sure that trade and aid policies support rather than undermine peace and security, the Commonwealth family and the entire international community needs to focus attention on six key challenges:

1. The first is to design international trade policy that is 'conflict-sensitive'. This is really about designing trade policies that help countries adjust to international trade liberalisation, benefit from it and move away from dependence on the export of one or two unpredictable commodities.
2. The second is to deliver more conflict-sensitive development assistance. This requires dealing much more urgently with the problems of inequality, racism and structural violence. It also means tackling corruption and promoting transparency, and requires that donors become more aware of the relationship between their development assistance and the economic agendas involved in conflict.
3. The third challenge is to use trade and aid policies more effectively to promote good governance in fragile states. Donors need to be clear on the changes they are trying to promote, the context in which they are promoting them and the some of the pitfalls of trying to push unwanted reform on unwilling recipients.



Carrying water, Malawi.

Photo credit: Amelia Bookstein

4. The fourth objective is to stem the trade in conflict resources. The international community has learnt a lot from initiatives like the Kimberley process on conflict diamonds, but the battle is far from won. We need to disrupt access to international markets for exploiters of conflict resources, but also build markets for 'conflict-free' resources such as 'development diamonds'.
5. The fifth is to ensure that business in fragile states, typically from the extractive industries, operates responsibly. This involves changing corporate cultures through regulation, voluntary guidelines and creating incentives for globalised best practice.
6. The final challenge is to help countries that are dependent on natural resource exploitation or foreign aid to manage the revenues they receive more effectively. This is about increasing transparency, accountability and putting in place the institutions and policies that can ensure that external revenues, be they from natural resources or foreign aid, are better spent.

At the founding conference of the United Nations, US Secretary of State Edward Stettinius argued that "the battle for peace has to be fought on two fronts. The first front is the security front, where victory spells freedom from fear. The second is the economic and social front, where victory means freedom from want. Only victory on both fronts can assure the world of an enduring peace." These words remain as true today as when Stettinius spoke them in 1945.

This article is drawn from a book of the same title edited by Oli Brown, Mark Halle, Sonia Peña-Moreno and Sebastian Winkler and published by Earthscan in February 2007 (www.earthscan.co.uk). **Oli Brown** is coordinator of the Trade, Aid and Security initiative. Previously he worked as a policy researcher for Oxfam and the UNDP.

The Trade, Aid and Security initiative is a joint project of the **International Institute for Sustainable Development** (IISD) and the The World Conservation Union (IUCN) that focuses on the way in which the trade in natural resources can contribute to violent conflict, and on the role of development assistance and trade liberalisation in fuelling or alleviating this downward spiral.

Oli Brown, IISD
International Environment House II
9 Chemin de Balexert
Châtelaine
Geneva 1219
Switzerland

Tel: +41 22 917 8630
Email: obrown@iisd.org
Website: www.iisd.org/security/tas